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AL STATEMENT



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**SOUTH COAST AIR QUALITY
MANAGEMENT DISTRICT
BUILDING CORPORATION**

**\$7,230,000
1979 MORTGAGE BONDS**

office buildings -- CA, Southern -- Finner

Bonds -- CA, Southern

CA, Southern -- Economic words

Bids to be received by a representative of the Corporation in the offices of Stone & Youngberg Municipal Financing Consultants, 1541 Wilshire Blvd., Suite 400, Los Angeles, California 90017, at 10:00 a.m. Friday, August 17, 1979



South Coast AIR QUALITY MANAGEMENT DISTRICT BUILDING CORPORATION

9150 E. FLAIR DRIVE, EL MONTE, CALIFORNIA 91731

July 24, 1979

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of the \$7,230,000 of South Coast Air Quality Management District Building Corporation 1979 Mortgage Bonds.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the South Coast Air Quality Management District Building Corporation in connection with the sale of the bonds and the firm will receive compensation from the Corporation contingent upon the sale and delivery of the bonds. Summaries herein presented of the Indenture, Notice Inviting Bids, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Clerk of the Governing Board of the South Coast Air Quality Management District for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with the buyers or holders, from time to time, of the bonds. The Indenture which does constitute such a contract, is available to any prospective bidder on request from said Clerk.

The legal opinion, approving the validity of the bonds, will be furnished by Stradling, Yocca, Carlson & Rauth, Newport Beach, California, bond counsel. Bond counsel's fee will be contingent upon the sale and delivery of the bonds.

No dealer, broker, salesman or other person has been authorized by the Corporation to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Corporation.

SOUTH COAST AIR QUALITY MANAGEMENT
DISTRICT BUILDING CORPORATION

/s/ A. Arenal
President of the Board of Directors

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SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT BUILDING CORPORATION

A. Arenal, *President*

Raymond E. Robinson, *Vice President*

S. Wayne Lynch, *Secretary-Treasurer*

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

GOVERNING BOARD

Alfred A. McCandless, Chairman

Phillip L. Anthony

Marvin Braude

Yvonne Brathwaite Burke

Dennis Hansberger

Dr. Thomas F. Heinsheimer, Vice Chairman

Lionel E. Hudson

Gladys Meade

Donald R. Roth

Pete Schabarum

Joseph A. Stuart

Executive Officer

Steven A. Broiles

District Counsel

Gary Burton

Controller

Ronald Ketchum

Fiscal Officer

Jackie Dix

Clerk of the Board

SPECIAL SERVICES

Stradling, Yocca, Carlson & Rauth, Bond Counsel
Newport Beach, California


Stone & Youngberg Municipal Financing Consultants, Inc.
Los Angeles and San Francisco, California

Bank of America N.T. & S.A., Trustee
Los Angeles and San Francisco, California

First National Bank of Chicago, Paying Agent
Chicago, Illinois

Bankers Trust Company, Paying Agent
New York, New York

THE DATE OF THIS OFFICIAL STATEMENT IS JULY 24, 1979



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INTRODUCTION

The South Coast Air Quality Management District began operations in February of 1977 as the successor to the Southern California Air Pollution Control District.

It covers the southern and most populous portions of Los Angeles and San Bernardino Counties and all of Orange and Riverside Counties. It stretches from the Pacific Coast on the west to the Arizona border on the east.

The District has approximately 500 full-time and part-time employees engaged in regulating air quality for the 10,000,000 people residing within its boundaries. Within the four-county area the District operates a network of air-monitoring stations, analyzes air quality and establishes maximum emission levels for stationary commercial and industrial facilities which are enforced through a permit system. Control of vehicular emissions are the responsibility of the State Air Resources Board.

The District's principal sources of revenue are permit and emission fees assessed against stationary sources of air pollutants, subventions from the State Air Resources Board and grants from the Federal Environmental Protection Agency. It also contracts to perform air monitoring and meteorological services for the State and air quality management services in the portions of Los Angeles and San Bernardino Counties located outside of its boundaries.

District operations are currently headquartered in the City of El Monte, approximately 11 miles east of Los Angeles. There it leases 71,073 square feet of space in two buildings from Aerojet Investments, Ltd., a subsidiary of Aerojet General Corp. Under the lease agreement it has the option of acquiring the two buildings, containing a total of 179,552 square feet and the surrounding land for \$4,776,100.

The South Coast Air Quality Management District Building Corporation was formed for the purpose of financing the purchase of the building complex and the construction of certain improvements deemed necessary for its use by the District.

The Internal Revenue Service occupies 44,331 square feet of space in one of the buildings under a lease which terminates in December of 1982. The lease provides for an annual rental of \$335,892. It is expected that the IRS will remain as a tenant after the building is acquired by the Corporation.

The Corporation will finance the acquisition and improvement of the building complex through the issuance of the bonds currently being offered for sale and will lease the complex to the District. The bonds will be secured by a pledge of the annual rentals payable by the District under the Lease.

The Lease will provide for the District to pay an annual base rental in an amount which will be sufficient to meet the debt service requirements of the Corporation's bonds. The base rental will be payable semiannually, except in the first fiscal year, when only one payment will be made. The amount of the annual base rental will be determined following the sale of the bonds when interest rates are known.

In addition, the Lease provides for the District to pay the Corporation additional rental sufficient to meet the Corporation's other expenses. These other expenses should be minimal since the District will operate and maintain the building complex.

Under the terms of the Corporation's bond indenture, all of its funds, including bond proceeds, rental revenues and interest earnings, will be held by

the Trustee for the benefit of the bondholders and will be dispensed in accordance with the indenture. The Bank of America N.T. & S.A., Los Angeles, California, is named Trustee under the indenture.

Among the additional measures taken to assure prompt payment of the bonds are the following:

1. A bond reserve fund equal to the annual base rental will be established from the bond proceeds and from the first payment of base rental.

2. Various types of insurance will be provided, including insurance against earthquake; fire and those perils defined as extended coverage; public liability; business interruption (in an amount equal to eighteen months' base rental); and workmen's compensation.

3. A policy of title insurance, insuring the validity of the Lease will be provided.

4. The indenture requires that 100 percent labor, material and performance bonds be provided in connection with any construction contract for over \$5,000.

THE CORPORATION

The South Coast Air Quality Management District Building Corporation was incorporated as a non-profit corporation under the laws of the State of California on September 21, 1978.

The Corporation was formed for the purpose of financing the acquisition and improvement of a building complex to be utilized by the South Coast Air Quality Management District.

Power and Purposes

The District's Articles of Incorporation provide it with the following powers:

1. To incur indebtedness.
2. To purchase or otherwise acquire any real property which may be available for a public purpose and to improve or provide for the improvement of such public buildings.
3. To assign, transfer, mortgage, convey in trust, pledge and hypothecate the leasehold estate created by any lease and the rentals payable to the corporation under any such lease as security for its bonds or other evidences of indebtedness.
4. To improve and construct public buildings or to contract with others to do so.
5. To exercise any powers and rights which a non-profit corporation organized in the State of California may exercise.

Board of Directors

The District functions as an independent organization and is governed by a three-member Board of Directors. Following is a brief description of each of the present members of the Board of Directors.

A. Arenal, the President of the Board, is Vice President of System Development for the Southern California Edison Company. He is in charge of forecasting electrical power requirements and the development of generating sources and transmission plans.

Raymond E. Robinson, the Vice President of the Board, is the Director of Public Affairs for the Kaiser Steel Corporation plant at Fontana, California. He is responsible for community relations, communications, public affairs and other related functions and also serves as a member of the environmental quality control committee.

S. Wayne Lynch is the Secretary-Treasurer of the Corporation. He is the manager of the Inland Division of the Southern California Gas Company.

The Inland Division covers San Bernardino County and the easternmost portions of Los Angeles County.

THE BONDS

Authority for Issuance

The \$7,230,000 of South Coast Air Quality Management District Building Corporation 1979 Mortgage Bonds are to be issued in accordance with the terms of an Indenture of Mortgage and Deed of Trust from the Corporation to Bank of America N.T. & S.A. as Trustee.

Sale of the Bonds

Sealed bids will be received by a representative of the Corporation in the offices of Stone & Youngberg Municipal Financing Consultants, Inc., 1541 Wilshire Boulevard, Suite 400, Los Angeles, California, 90017, at 10:00 a.m. Friday, August 17, 1979. Details of the terms of the sale are included in the Official Notice Inviting Bids adopted by the Board of Directors of the Corporation on July 24, 1979.

Description of the Bonds

The \$7,230,000 of bonds will be dated August 15, 1979, and will be issued in denominations of \$5,000 each. The bonds will be numbered 1 through 1446 and will be payable annually on February 15, of each year as follows:

SCHEDULE OF MATURITIES

Year	Principal Maturing	Year	Principal Maturing
1981	\$305,000	1988	\$525,000
1982	350,000	1989	550,000
1983	375,000	1990	600,000
1984	375,000	1991	625,000
1985	425,000	1992	675,000
1986	450,000	1993	725,000
1987	475,000	1994	775,000

Interest is payable semiannually on February 15 and August 15 of each year. Both bond principal and interest are payable at the Los Angeles and San Francisco main offices of the Trustee, the Bank of America N.T. & S.A., or at paying agents for the Corporation in New York, New York and Chicago, Illinois. Fully registered bond principal and interest are payable by the office of the Trustee in Los Angeles, California.

Redemption Provisions

In the event of loss of, or substantial damage to, or condemnation of the project which renders it wholly or partially unusable, all or any part of the

bonds may be redeemed at any time by the payment of the principal, accrued interest and a premium as set forth below. If less than all of the outstanding bonds are to be redeemed under these conditions, the Trustee will select for call a principal amount in each maturity which will result in as nearly equal as possible annual debt service requirements for the remaining bonds. The bonds to be redeemed within each maturity will be selected by lot.

Bonds maturing on or prior to February 15, 1987, are not subject to call and redemption prior to their fixed maturity date except as provided above. Bonds maturing on or after February 15, 1988, in a principal amount of \$4,475,000, are subject to call and redemption at the option of the Corporation as a whole or in part in inverse order of maturity and by lot within a single maturity on any interest payment date beginning February 15, 1987.

The bonds are redeemable at par value plus accrued interest and a premium equal to one-quarter of one percent of the principal amount for each year or intervening fraction of a year from the redemption date to the maturity date of the bonds. The maximum premium payable upon redemption on or after February 15, 1987 would be one and three-quarters percent.

Notice of Redemption

Notice of redemption is to be published in a financial newspaper or financial journal, circulated in the City of New York, New York, not less than 30 days prior to the redemption date. The Trustee is required to give written notice to the owners of any registered bonds.

Registration

The bonds are to be issued as coupon bonds which will be subject to registration only as to both principal and interest and to discharge from registration.

Legal Opinion

The unqualified legal opinion of Stradling, Yocca, Carlson & Rauth, Newport Beach, California, bond counsel for the Agency, attesting to the validity of the bonds, will be furnished without cost to the original purchaser of the bonds. A copy of the legal opinion will be printed on each bond without charge to the purchaser.

Tax Exempt Status

The Corporation has requested a ruling from the Internal Revenue Service that interest on the bonds of the Corporation is exempt from income taxes of the United States of America under present Federal income tax laws. In the opinion of bond counsel, such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

State Corporation Commission and SEC Action

The State Corporation Commission has issued an interpretive opinion that the bonds of the Corporation are exempt.

The Corporation has received a "no action" letter from the Securities and Exchange Commission exempting its bonds from registration requirements.

Purpose of Issue

The proceeds from the sale of the South Coast Air Quality Management District Building Corporation 1979 Mortgage Bonds will be used for the acquisition, improvement and financing of two buildings located in the City of El Monte, as described in this official statement under the heading "The Project."

Security

Both principal and interest are payable from the revenues of the Corporation, to be comprised principally of the semiannual rental payments by the South Coast Air Quality Management District to be made under the terms of the Lease described below. The Lease provides that the District will pay the Corporation semiannual base rentals which will be sufficient to repay the bond principal and interest.

The District is obligated under the lease to annually budget for and appropriate money for the rental payments.

The Lease

The Corporation will acquire the building complex and lease it to the District. The Lease will be dated August 15, 1979, and will expire on June 30, 2000, or when payment, or provision for payment, of the Corporation's bonds has been made, whichever occurs first. If payment, or provision for payment, of

the bonds has not been made by May 31, 2000, the Lease may be extended for up to seven additional years.

The Lease will provide for a fixed annual base rental, payable semiannually in advance not later than February 10 and August 10, except that the base rental for the first fiscal year will be payable by the later of February 10, 1980 or a date thirty days after liability for such rent occurs.

The Lease will also provide for the District to pay the Corporation additional rent equal to taxes and assessments (if any) levied on the project, premiums for insurance on the project and the administrative costs of the Corporation in connection with the project. The District is required to operate and maintain the project at its expense.

The Lease requires the Corporation to provide public liability and property damage insurance and insurance against such perils as the Corporation and District agree should be insured against. It also provides that the Corporation may carry such other insurance as the indenture requires.

The District covenants under the Lease to budget for and appropriate the amount of rentals due in each fiscal year. Under terms of its bond indenture the Corporation covenants to enforce the terms of the lease. Should the District default under the lease the Corporation has the right to terminate the lease or, without terminating the lease, to relet the premises, in which case the District is obligated to make up any deficiencies in the amounts received by the Corporation from the reletting.

The Lease provides that the proceeds from any insurance payment for damage to the project, or of any condemnation award or sale made under the threat of condemnation, will be used to replace the facilities or to call and redeem bonds. It further provides that, in the event of destruction of the project, if the Corporation has sufficient funds to replace the facilities, including funds to offset the loss of rentals while the repairs and replacements are being made, it must do so unless the District agrees to the redemption of bonds instead.

The Corporation approved the sublease as to form on July 24, 1979. An ordinance of the District Board of Directors, approving the sublease, was adopted on July 6, 1979 and becomes effective 30 days after its adoption. The ordinance provides for a maximum annual base rental of \$900,000. The actual base

rental will be determined following the receipt of bids for the Corporation's bonds and will be in an amount sufficient to meet the actual annual bond service requirements of the Corporation.

Proposed Constitutional Initiative Limiting Governmental Spending

A proposed initiative amendment to the California Constitution entitled "Limitation of Government Appropriations" has qualified for a special Statewide general election on November 6, 1979. Under the Initiative, state and local governmental entities would have an annual "appropriations limit" and would not be able to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit". The Initiative would not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. The Initiative would also not affect the expenditure by an entity of proceeds of user fees and user charges except to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the product or service. In general terms, the "appropriations limit" would be based on certain 1978-79 expenditures, and would be adjusted annually to reflect changes in consumer prices, population, and services provided by these entities. Among other provisions of the Initiative, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The details of the Initiative are more complex than the foregoing description, and if approved by the voters, the Initiative would require considerable clarification from subsequent legislation or judicial decisions. The Corporation can neither predict whether the Initiative will be approved by the voters nor whether the validity of the Initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts.

The District cannot predict whether or the extent to which all or a portion of the District's fees may be determined to be "proceeds of taxes" subject to the limitations on expenditures as provided in the

Initiative. To the extent that such fees are determined to be “proceeds of taxes,” the amount of money available to the District in each year for expenditure for District purposes, including payment of rental to the Corporation, may be reduced.

Because the District does not have the power to levy ad valorem taxes, it was not directly affected by the limitation on ad valorem taxes contained in Article XIII A of the State Constitution which was approved by the electorate on June 6, 1978. However, the provision of Article XIII A which prohibits local government from levying new taxes without the approval of two thirds of the electorate may restrict the District’s ability to increase its revenues in the future if the sources of such revenues are found to be taxes rather than other charges.

Eligibility for National Banks

A request will be made to the Comptroller of the Currency for a ruling that the bonds of the Corporation are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. The ruling is expected prior to the date of the sale of the bonds.

Creation of Special Funds

The Indenture provides for the establishment of special trust funds and accounts, all to be held and administered by the Trustee. These funds and accounts, together with their sources and uses, are listed below.

Disposition of Bond Proceeds

The Indenture provides that the proceeds from the sale of the bonds shall be deposited with the Trustee. The Trustee will make the following allocations:

1. To the Administrative Expense Account the amount of \$5,000.
2. To the Reserve Fund an amount which, together with the sum to be deposited in the Fund on February 12, 1980, will be equal to the annual base rental payable under the Lease.
3. To the Construction Fund all remaining proceeds of the bond issue.

After the project has been completed any balance remaining in the Construction Fund may be used for any of the following purposes at the direction of the Corporation:

1. To be transferred to the Debt Service Fund and credited against the Base Rental payable by the District.
2. To be retained in the Construction Fund for changes, alterations or additions to the project.
3. Any remaining balance is to be transferred to the Revenue Fund.

Deposit and Application of Revenues

All revenues of the Corporation, as defined in the Indenture, are pledged to the punctual payment of

SPECIAL FUNDS

Fund or Account	Source	Use
Rental Revenue Fund	Rental payments	Required transfers to various funds, and bond redemption
Reserve Fund	Bond Proceeds and Rental Revenue Fund	Bond principal and interest
Construction Fund	Bond Proceeds	Construction costs
Debt Service Fund	Transfers from Revenue Fund	Bond principal and interest
Administrative Expense Account	Bond Proceeds and Revenue Fund	Corporation operating expenses
Bond Redemption Fund	Transfers from Revenue Fund	Redemption or purchase of bonds, additional construction and reimbursement of rental payments

bond principal and interest. All revenues will be immediately deposited with the Trustee, who shall credit the moneys to the Revenue Fund. All moneys in the Revenue Fund are to be set aside and deposited in the following order of priority and are to be withdrawn from the special funds only for the purposes set forth.

1. *Debt Service Fund.* On February 12, 1980, the Trustee will transfer to the Debt Service Fund an amount which, together with the balance in the fund, will be sufficient to pay the interest coming due on February 15, 1980.

Thereafter, on August 12 and February 12 of each fiscal year the Trustee will transfer to the Debt Service Fund an amount which, together with the balance in the Fund, will be equal to the interest coming due on the next interest payment date and one half the principal coming due on the next principal payment date.

2. *Administrative Expense Account.* On February 12 and August 12 of each year, commencing February 12, 1980, the Trustee will set aside in the Administrative Expense Account such amounts as the Corporation shall certify to the Trustee to be necessary for the payment of budgeted administrative expenses of the Corporation during the next six months.

3. *Reserve Fund.* On February 12, 1980, after making the required transfer to the Debt Service Fund, the Trustee will transfer to the Reserve Fund the balance remaining in the Revenue Fund.

Thereafter, on August 12 and February 12 of each fiscal year, commencing August 12, 1980, the Trustee will transfer to the Reserve Fund the amount, if any, required to bring the balance in the Fund to an amount equal to the Annual Base Rental.

Any surplus in the Reserve Fund will be transferred to the Revenue Fund at the direction of the Corporation. Money in the Reserve Fund may be used to pay in full the remaining bond principal and interest or, if all of the bonds have been called for redemption, it may be transferred to the Redemption Fund and used for that purpose.

4. *Redemption Fund.* After the foregoing transfers have been made any balance remaining in the Revenue Fund will be transferred to the Redemp-

tion Fund and used for any of the following purposes, at the direction of the Corporation:

1. To reimburse the District for any rental previously paid.

2. To purchase any of the Corporation's bonds at a price not to exceed the redemption price on the next redemption date, plus accrued interest.

3. To call and redeem bonds on the next redemption date.

4. To be transferred to the Construction Fund and used for future improvements to the project.

Investment of Funds

All of the Corporation's funds and accounts are to be deposited or invested with reasonable diligence, subject to the covenant against taking any action which would cause the bonds to be arbitrage bonds.

Investments or deposits of money in any fund or account must mature or be withdrawable on or before the date such money must be available.

Obligations purchased or deposits made with the money in any fund or account, including interest accrued and income or loss realized, shall be deemed to be part of such account. However investments or deposits may be transferred from one fund or account to another provided they mature or are withdrawable on or before the date that money must be available in the fund or account.

Additional Bonds

The Indenture provides for the issuance of additional bonds ranking on a parity with these bonds, subject to the following conditions:

1. The Corporation shall declare that the bonds are necessary to complete the project or an addition to it.

2. The additional bonds shall mature on February 15, and may not be subject to redemption prior to February 15, 1987, except in the event of condemnation of or damage to the facility.

3. The Corporation shall have entered into a revised Lease with the District under which the District obligates itself to increase the base rental by an amount sufficient to meet bond service on the additional bonds.

4. Provision shall have been made to increase the Reserve Fund to an amount equal to the revised annual base rental.

Refunding Bonds

The Indenture provides that the Corporation may issue refunding bonds.

Insurance

The Indenture contains covenants under which the Corporation agrees to maintain or cause to be maintained the following insurance protection:

1. Insurance, if available on the open market from reputable insurance companies, against loss or damage to the property resulting from fire, lightning, and other perils ordinarily defined as "extended coverage" in amounts, if available, not less than the full insurable value of the properties as defined in the Indenture or the amount of the Corporation's outstanding bonds, whichever is less.

2. Insurance (a) against war risks, as and when such insurance is obtainable from reputable insurance companies or the United States of America, in an amount not less than 80 percent of the then full insurable value; (b) against loss or damage from sprinkler system leakage; and (c) against explosion of steam boilers and similar pressure vessels.

3. Insurance against earthquake, if such insurance is available on the open market from reputable insurance companies, (a) in an amount not less than the full insurable value of the properties, subject to a deductible amount of not more than ten percent of the full insurable value, or (b) in an amount of the Corporation's outstanding bonds; whichever is less.

4. Use and occupancy or rental income insurance against the perils described above in an amount not less than eighteen months' rental under the sublease.

5. Public liability insurance of not less than \$5,000,000 with such deductible provisions as the District usually provides but not to exceed ten percent of the face amount.

6. Workman's compensation for all persons employed in connection with the project.

Additional Covenants

The Indenture also contains covenants including, but not limited to, the following in which the Corporation covenants:

1. To punctually pay bond principal and interest as they become due.

2. To construct the improvements called for in the lease and to require 100 percent labor, material and performance bonds in connection with any construction contract for over \$5,000.

3. To maintain a Trustee. The Trustee shall maintain paying agents in Chicago and New York.

4. To pay and discharge all lawful claims within 60 days (provided that it need not pay any claims which are contested in good faith by legal proceedings) and not to permit a lien to be placed on the property or the revenue.

5. To use the rental revenues only for the purposes specified in the Indenture.

6. To comply with all terms of the Indenture.

7. Not to modify or cancel the Lease without the consent of the Trustee which consent shall not be given without the assent of the holders of a majority of the Corporation's bonds in a case where the trust estate would be materially impaired.

8. To take all actions necessary to protect the pledged funds.

9. The Trustee shall make an annual report to the Corporation within 120 days after the close of the Corporation's annual accounting period showing the revenues received, the payment and transfers made, the amounts on each fund and account and the details of all bonds issued, paid, purchased or redeemed plus the budgeted administrative expenses for the next year. Such reports will be available to any bondholder and will be mailed by the Trustee to any bondholder who requests them.

10. To maintain the project in good repair if it takes possession of it under the Lease.

11. Not to sell, lease, mortgage or encumber any of the properties of the Corporation, except for (i) any security given a governmental agency for the purpose of maintaining self insurance; (ii) property deposited in lieu of a bond in connection

with a court case; (iii) the lien of taxes, assessments or other governmental charges if such charges are not due or are being contested; (iv) the lien of judgments for a period of up to six months; (v) undetermined liens incident to construction (vi) liens being contested (vii) zoning restrictions or (viii) liens created by law on property in the possession of banks for amounts due them provided such property was furnished in the ordinary course of business and not as security for such indebtedness.

12. To maintain its corporate existence.

13. Not to distribute its property.

14. To file claims with the District for the amounts due under the Lease.

15. To cause the lease and the Indenture to be recorded.

16. To prosecute or defend suits relating to the trust estate or the rights of the Trustee and any bondholder.

17. Not to invest the proceeds of the bonds in such a manner as to cause the bonds to be arbitrage bonds.

Estimated Annual Bond Service

Table 1 shows a schedule of annual bond service payments for the \$7,230,000 of South Coast Air Quality Management District Building Corporation 1979 Leasehold Mortgage Bonds, based on an estimated interest rate of seven percent.

Table 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT BUILDING CORPORATION

Estimated Annual Debt Service

Year Ending February 15	Principal Outstand- ing	Interest Estimated at 7%	Principal Maturing	Total Bond Service
1980	\$7,230,000	\$ 253,050 ^①	\$ —	\$ 253,050
1981	7,230,000	506,100	305,000	811,100
1982	6,925,000	484,750	350,000	834,750
1983	6,575,000	460,250	375,000	835,250
1984	6,200,000	434,000	375,000	809,000
1985	5,825,000	407,750	425,000	832,750
1986	5,400,000	378,000	450,000	828,000
1987	4,950,000	346,500	475,000	821,500
1988	4,475,000	313,250	525,000 ^②	838,250
1989	3,950,000	276,500	550,000 ^②	826,500
1990	3,400,000	238,000	600,000 ^②	838,000
1991	2,800,000	196,000	625,000 ^②	821,000
1992	2,175,000	152,250	675,000 ^②	827,250
1993	1,500,000	105,000	725,000 ^②	830,000
1994	775,000	54,250	775,000 ^②	829,250
		<u>\$4,605,650</u>	<u>\$7,230,000</u>	<u>\$11,835,650</u>

^① Six months' interest.

^② Callable on and after February 15, 1987.



The two buildings to be acquired by the South Coast Air Quality Management District Building Corporation



THE PROJECT

The bonds will be issued to finance the acquisition and improvement of two buildings located in the City of El Monte, about 11 miles east of Los Angeles. One is a two story office building which the District partially occupies. The other is a one story building which the District recently leased and is in the process of converting to a laboratory. The District currently pays rentals totalling \$33,490.50 per month (\$401,886 per year) for the two buildings.

The two story office building contains 168,012 square feet of gross space. The Internal Revenue Service currently occupies 44,331 square feet of net rentable space in the building under a lease which extends to December of 1982. The lease provides for an annual rental of \$335,892. It is expected that the IRS will remain as a tenant of the building following its acquisition by the Corporation.

The one story building occupies 11,510 square feet which will be wholly occupied by the District.

The present owner of the building, Aerojet Investments, Ltd., a subsidiary of the Aerojet General Corporation, currently operates and maintains the two buildings. Following their purchase by the Corporation and lease to the District they will be operated and maintained by the District. The estimated annual cost of the operation and maintenance of the two buildings is \$423,100.

The Improvement Program

The District has already undertaken, and in some cases has completed, a portion of the remodeling work at the two-building complex. These include conversion of the one-story building to a laboratory, remodeling of the basement of the two-story building and a partial remodeling of the other two floors.

Improvements to be completed by the Corporation consist of the installation of a new roof and the balance of the remodeling work required at the two story building plus a complete redesign and resurfacing of the adjacent parking lot.

Estimated Project Costs

Table 2 shows an estimate of the total project costs, including incidental financing requirements, to be met with the proceeds from the sale of the South Coast Air Quality Management District Building Corporation 1979 Mortgage Bonds.

Table 2

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
BUILDING CORPORATION**

Estimated Project Costs

Remodeling of building		
Architecture	\$ 50,000	
Construction	<u>1,252,500</u>	
Total		\$1,302,500
Parking lot reconstruction		
Design	2,500	
Construction	<u>75,000</u>	
Total		77,500
Roof reconstruction		250,000
Contingencies		377,000
Purchase of buildings		<u>4,766,100</u>
Subtotal		\$6,773,100
Reserve Fund		392,800
Costs of issuance		<u>64,100</u>
Total		\$7,230,000

FINANCIAL DATA

Sources of Revenues

The District does not have the power to levy and collect ad valorem taxes. The District's principal sources of revenues are permit fees and emission fees collected from stationary commercial and industrial sources of air pollution, subventions from the State Air Resources Board and grants from the Federal Environmental Protection Agency. The District also contracts with the Counties of Los Angeles and San Bernardino to provide air quality management services in the portions of those counties located outside its boundaries and contracts with the State Air Resources Board to provide meteorological forecasting and air monitoring services.

Prior to the 1978/1979 fiscal year, the District received a portion of its revenues from the four counties in which it is located and the District retains the power to compel payments by those four counties. However, following the adoption of Article XIII A of the State Constitution, which limits property taxes in California to one percent of market value (except for taxes to meet debt service on bonds approved by the electorate prior to the effective date of the amendment), the District elected to become fully self-supporting.

Permit Fees

Permits to construct and operate any equipment which may cause the issuance of air contaminants or may reduce or control the issuance of air contaminants must be obtained from the District and annually thereafter the operating permit must be renewed.

Each applicant must pay a filing fee of \$50 which is non-refundable. If a permit is issued the applicant must pay a permit fee and annually thereafter a renewal fee. Permit and renewal fees are based on such factors as horsepower of motors; fuel burnt expressed in BTU; electrical energy consumed; capacity in gallons of any container; etc. Operating permit renewal fees are generally less than the initial fee. However, both the initial permit fees and the annual renewal fees were doubled as of July 1, 1978.

Emission Fees

In addition to the permit fee and permit renewal fees described above, there are emission fees based on total annual emissions from a single premise in

excess of 24 tons per year in the case of sulphur dioxide, nitrogen dioxide, organic gases and particulate matter and in excess of 249 tons per year in the case of carbon monoxide. The fees are as follows:

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Emission Fees

Air Contaminant	Cost Per Ton
Total organic gases (except sulphur-containing)	\$31.00
Carbon monoxide	0.26
Nitrogen dioxide	18.00
Sulphur dioxide	21.00
Particulate matter	23.00

Largest Payers of Emission Fees

Shown to the right is a list of the twenty companies which paid the largest amounts in emission fees during the 1978/79 fiscal year.

Enforcement Procedures

Failure to pay operating permit fees within 30 days and emission fees within 60 days will result in the fees being increased by 50 percent. Continued failure to pay for an additional 30 days will result in automatic termination of the operating permit and in the Executive Officer asking for a hearing on the question of terminating the emission permit.

Operating without either permit is a misdemeanor, punishable by a fine of \$500, and furthermore, the District has the power to obtain an injunction against any source of air emissions which operates without such permits.

Financial Statements

The District's operations have not been audited. However, annual reports have been prepared according to guidelines established by the State Controller. Tables 3, 4 and 5 present data from the annual reports filed by the District and its predecessor, the Southern California Air Pollution Control District. The report for the year ended June 30, 1979 has not yet been completed.

Balance Sheets. Table 3 shown the assets, liabilities, fund balances and fixed assets of the District

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Largest Payers of Emission Fees

Company	Annual Payment ①
Southern California Edison Company	\$1,169,584
Kaiser Steel Corporation	668,960
City of Los Angeles Department of Water & Power	514,803
Atlantic Richfield Company	286,684
Standard Oil Company of California	279,524
Shell Oil Company	221,824
Union Oil Company of California ...	213,242
Mobil Oil Corporation	150,983
Texaco Incorporated	104,380
Southern California Gas Company	89,874
Powerline Oil Company	88,863
Great Lakes Carbon Corporation...	77,497
Gulf Oil Corporation	76,217
General Motors Corporation	74,000
Martin Marietta Corporation	57,568
Ford Motor Company	43,002
California Portland Cement Company	37,968
Sun Gas	37,274
Chevron Chemicals Company	32,259
Douglas Oil Company of California	29,243

① Amount paid in 1978/79.

Source: District Fiscal Officer.

and its predecessor as of June 30 of 1976 through 1978.

Revenues, Expenditures, and Fund Balances. Table 4 shows the revenues, expenditures and changes in fund balances of the District and its predecessor for the fiscal years 1975/76 through 1977/78.

Changes in Fixed Assets. Table 5 shows the changes in fixed assets of the District and its predecessor during the fiscal years 1975/76 through 1977/78.

Employee Retirement

Effective December 1, 1978, the San Bernardino County Employees Retirement Association became the official retirement system for employees of the South Coast Air Quality Management District. Approximately 275 of the District's current em-

employees and all new employees will be covered under the San Bernardino County retirement plan. Currently, 225 District employees are members of the Los Angeles County Employee Retirement Association due to previous commitments. Approximately 225 of the District's employees are also covered by Social Security. The District is currently attempting to terminate the Social Security system coverage for most of its employees, retroactive to February, 1977, pursuant to their request.

The San Bernardino County Employees Retirement Plan is a Fixed Formula Retirement Plan which became effective July 1, 1964. Management of the Association is vested in the Board of Retirement, consisting of nine members and one alternate member. One member is the County Treasurer. Four members are appointed by the Board of Supervisors, one of whom is usually a member of the Board of Supervisors and three of whom are persons independent of County government. Two members are elected by and represent general members. One member is also elected by and represents the safety members and one member represents the retirees. The alternate is elected by and represents safety members.

Administrative functions of the Association are carried out under the direction of the Chief Retirement Clerk, who has a staff of six. Presently there are about 7,300 members in the Retirement Association of which approximately 87 percent are classified as "general" or "regular" members (management, administrative, staff, operational and

clerical employees). "Safety" members (principally fire and law enforcement personnel) constitute about 12 percent of the membership. The remaining one percent are "special district" employees.

The retirement plan is funded by employer and employee contributions together with investment income. Currently, the South Coast Air Quality Management District contributes 17.48 percent of covered employee salaries to the Association. District employees contribute between four and ten percent of their earnings depending upon their age with the average contribution approximating six percent. Security Pacific National Bank and Pacific Investment Management Company (of Newport Beach, California) manage the investment of the Association's retirement funds.

The annual reports for the Association are prepared by the Retirement System Manager and his staff. The San Bernardino Auditor-Controller conducts an annual audit. The most recent audit report states that the Association's assets were \$202,965,243 as of December 31, 1978, compared to \$176,048,947 as of December 31, 1977.

Towers, Perrin, Forster & Crosby, Inc., is the independent actuary for the Association. An actuarial investigation and valuation covering the period July 1, 1973 to June 30, 1976 was completed as required under Section 31453 of the Government Code of the State of California. An actuarial review covering the period July 1, 1976 to June 30, 1979 is currently in progress.



The Kaiser Steel Corporation plant in Fontana

Table 3

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

Balance Sheets

Year Ended June 30:	1976 ^①	1977	1978
ASSETS			
Cash	\$ 73,470	\$1,344,285	\$2,045,052
Imprest cash	100	—	—
Accounts receivable	15,000	1,255,331	459,404
Total General Fund	\$ 88,570	\$2,599,616	\$2,504,456
Fixed Assets	4,273,463	4,293,474	5,189,151
Total	\$4,362,033	\$6,893,090	\$7,693,607
LIABILITIES AND OTHER CREDITS			
Accounts payable	\$ 9,166	\$ 242,743	\$ 290,218
General fund balance	79,404	2,356,873	2,214,238
Total General Fund	\$ 88,570	\$2,599,616	\$2,504,456
Fixed Assets	4,273,463	4,293,474	5,189,151
Total	\$4,362,033	\$6,893,090	\$7,693,607

① Balance sheet of predecessor agency

Source: Annual reports to State Controller



One of the nine power generating plants of the Southern California Edison Company located within the South Coast Air Quality Management District

Table 4
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Revenues, Expenditures and Fund Balance^①

Fiscal Year	1975/76	1976/77	1977/78
REVENUES			
Fines, forfeits and penalties	\$ 300	\$ —	\$ —
Licenses and permits	—	1,510,098	5,732,804
Interest	3,433	64,869	97,196
State subvention	60,000	2,376,654	2,177,835
Federal grant	—	1,215,127	1,289,056
County contributions	343,363	8,036,305	4,475,846
Service charges	29,208	124,217	556,176
Other	236	60,449	224,785
Total revenues	\$436,540	\$13,387,719	\$14,553,698
EXPENDITURES			
Salaries and benefits	\$132,978	\$ 9,316,983	\$10,884,517
Service and supplies	219,041	1,773,266	2,886,546
Equipment	5,117	20,011	740,673
Judgment and damages	—	—	551
Taxes and assessments	—	—	3,216
Expenditures applicable to prior years	—	—	180,830
Total expenditures	\$357,136	\$11,110,260	\$14,696,333
NET REVENUES	\$ 79,404	\$ 2,277,459	\$ (142,635)
Previous balance	—	79,404	2,356,873
Adjustments	—	10 ^②	—
ENDING BALANCE	\$ 79,404	\$ 2,356,873	\$ 2,214,238

① Includes transactions of predecessor agency for period prior to February 1, 1977.

② Previous balance understated by \$10.

Source: Annual reports to State Controller.

Table 5
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
Changes in Fixed Assets^①

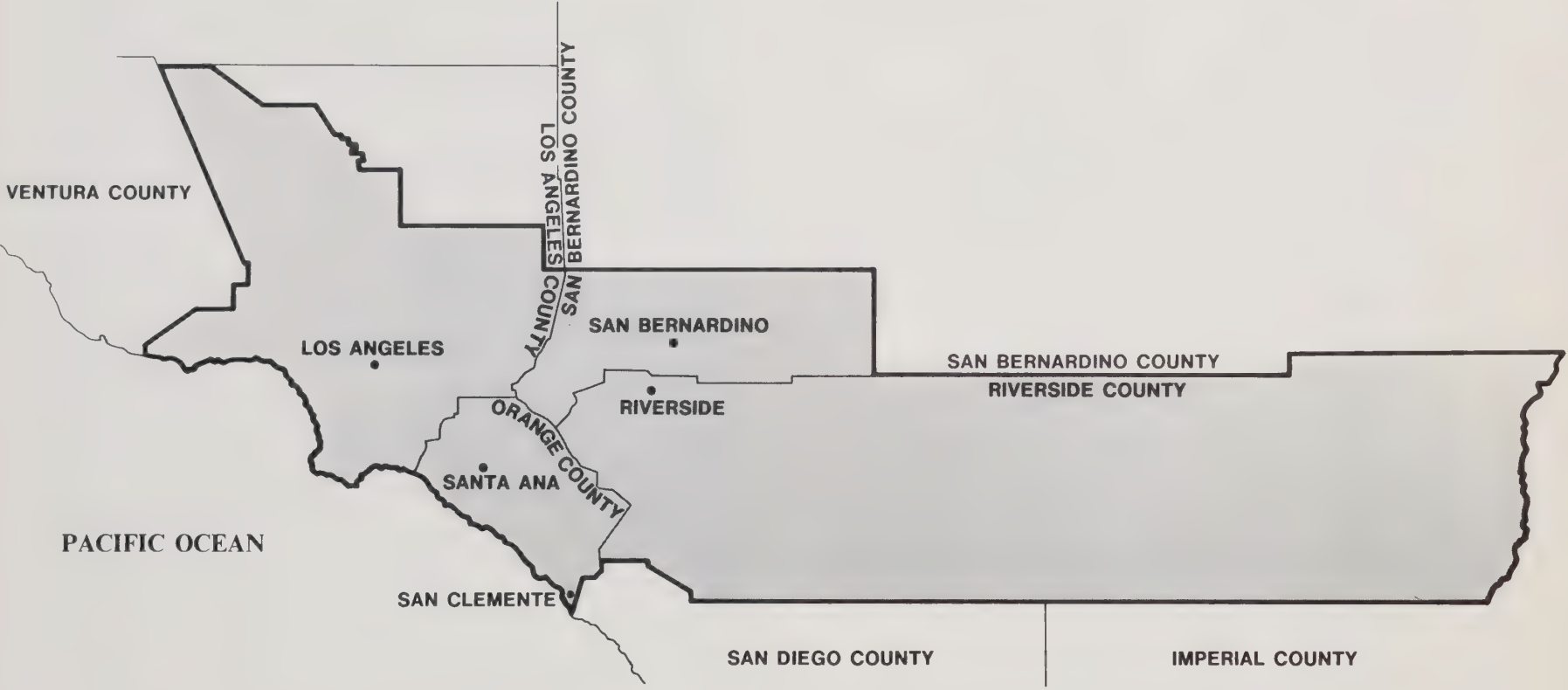
Fiscal Year	1975/76	1976/77	1977/78
Beginning balance	\$ —	\$4,273,463	\$4,293,474
Equipment added	5,117	20,011	896,037
Equipment transferred from other districts	4,268,346	—	—
Ending balance	\$4,273,463	\$4,293,474	\$5,189,511

① Includes transactions of predecessor agency for period prior to February 1, 1977.

Source: Annual reports to State Controller

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

20



THE DISTRICT

The South Coast Air Quality Management District covers an area of Southern California extending from the Pacific Coast to the Arizona border. An estimated 10,000,000 people reside within its boundaries.

The District includes the highly populated portions of Los Angeles and San Bernardino Counties lying south of the San Bernardino and San Gabriel Mountains and all of the Counties of Orange and Riverside.

The District encompasses the greater portion of the following three Standard Metropolitan Areas, excepting only the lightly developed northern portions of Los Angeles and San Bernardino County.

Standard Metropolitan Statistical Area	County
Los Angeles-Long Beach	Los Angeles
Anaheim-Santa Ana-Garden Grove	Orange
Riverside-San Bernardino- Ontario	Riverside and San Bernardino

These three metropolitan areas constitute the core of the ten-county area generally known as Southern California.

Total personal income in Southern California during 1977 reached \$100.1 billion. The ten-county area thus exceeded all of the states in the union except California and New York in personal income. Per capita personal income in the region was estimated to be \$7,714 in 1977.

Major sources of basic income in the District vary from agriculture to the design and production of highly sophisticated aerospace vehicles and components. International and interstate trade, tourism and the production of motion pictures and television also contribute to the economy of the District. Highly specialized research and development firms attract capital and talented personnel to the area.

There have been notable shifts in agricultural activity within the District. Most of the dairies formerly located in Los Angeles County have moved their operations to western Riverside and San Bernardino Counties. In Orange County, residential developments and shopping centers occupy most of the land formerly devoted to orchards. Many of the former orchard operators have moved to the eastern part of the District.

Homebuilding activity is strong in western Riverside and San Bernardino Counties. Lower home

prices than are found elsewhere in Southern California attract homebuyers who are willing to commute fairly long distances to jobs in Los Angeles and Orange Counties. The influx of homebuyers has led to accelerated development of financial and other services.

District Organization

The District was formed by the Lewis Air Quality Management Act, commencing at Section 40400 of the Health and Safety Code of the State of California. The District began operations on February 1, 1977, as the successor to the Southern California Air Pollution Control District.

The District operates a network of air-monitoring stations, analyzes air quality data and establishes maximum emission levels for stationary commercial and industrial facilities which are enforced through the District's permit system. In addition, the District, and the Southern California Association of Governments, a regional planning body, have completed the draft of a federally-mandated plan to achieve national air quality standards by 1987. The draft is currently being reviewed by the Environmental Protection Agency.

The District's governing board is composed of ten members, including nine elected officials of city and county government and one public member who is appointed by the governor. The nine elected officials consist of two members of the Los Angeles County Board of Supervisors and one member of the board of supervisors of each of the other three counties; a member of the Los Angeles City Council and a member of the city council of another city located in Los Angeles County; one member of the city council of a city located in Orange County and a member of the city council of a city located in Riverside or San Bernardino County. The County Supervisors may appoint deputies to act in their stead on all matters except the District budget.

Following are brief descriptions of the members of the governing board.

The Chairman of the Governing Board is Alfred A. McCandless, a member of the Board of Supervisors of Riverside County since 1970, and a former chairman. He was the owner of an automobile dealership until 1975, when he sold the business.

The Vice Chairman is Dr. Thomas F. Heinsheimer. Dr. Heinsheimer has been a member of the

City Council of the City of Rolling Hills since 1972 and was mayor in 1975. He is an expert in atmospheric physics and is employed by the Aerospace Corporation.

Phillip L. Anthony has been a member of the Board of Supervisors of Orange County since 1976. Prior to that he served on the City Council of the City of Westminster for fourteen and one half years, the last four as mayor.

Marvin Braude has been a member of the Los Angeles City Council since 1965. He is chairman of the Council's Finance and Revenue Committee. Prior to his election to the council he was in private business as owner and director of several ventures.

Yvonne Brathwaite Burke, an attorney, was appointed to the Los Angeles County Board of Supervisors by the governor in June of 1979. Prior to that she had served as a member of the State Assembly and the U.S. House of Representatives.

Dennis Hansberger was first elected to the Board of Supervisors of San Bernardino County in 1972 and became chairman two years later, serving until January, 1977. He was elected to succeed a supervisor for whom he had served as an executive assistant, after several years in private business.

Lionel E. Hudson was elected to the City Council of the City of San Bernardino in 1971 and was re-elected in 1975. He has been executive director of the T.B. and Health Association of San Bernardino, Inyo and Mono Counties since 1962.

Gladys Meade is the public member of the governing board, appointed by the governor. She is employed as Air Conservation Director of the California Lung Association and serves on the governing board of a number of conservation groups.

Don R. Roth was elected to the City Council of the City of Anaheim in 1976. The co-owner of a real estate firm, he is a past president of the Anaheim Board of Realtors and was regional vice president of the California Association of Realtors.

Pete Schabarum has been a member of the Board of Supervisors of Los Angeles County since 1972 and served as chairman in 1972 and 1973. Prior to that he was a member of the State Assembly for six years and headed his own real estate development firm.

The District has 500 full-time and part-time employees headed by the Executive Officer, Joseph

FOUR-COUNTY AREA

Housing Units By Type

	Los Angeles County	Orange County	River-side County	San Bernardino County	Totals
Single housing units	1,579,156	400,543	167,619	236,063	2,383,381
2 to 4 housing units	222,110	87,192	21,318	22,082	352,702
5 or more housing units	924,335	150,817	28,310	31,428	1,134,890
Mobile homes	39,521	29,394	35,842	21,366	126,123
Total housing units	2,765,122	667,946	253,089	310,939	3,997,096

Source: State Department of Finance

A. Stuart. Mr. Stuart joined the Southern California Air Pollution Control District, a predecessor to the South Coast Air Quality Management District, in 1975. Prior to that time he was the Air Pollution Control Officer for Riverside County from 1974 to 1975 and was Director of Enforcement for the San Bernardino County Air Pollution Control District from 1972 to 1974. He is a retired Colonel of the United States Air Force.

Housing

Single family dwellings are the predominant form of housing in the four-county area, representing 57 percent of all dwellings in Los Angeles County, 60 percent of the total in Orange County, 66 percent in Riverside County and 76 percent in San Bernardino

County. The percentages of single family dwelling units may be slightly lower in the District itself since most of the multiple dwelling units are believed to be located in the portions of Los Angeles and San Bernardino Counties contained in the District.

The tabulation which appears above shows housing units by type within the total four-county area as of January 1, 1978.

Population

The following tabulation shows the growth in population which has occurred since 1940 within the four-county area served by the District. Most of the population of Los Angeles and San Bernardino Counties is located in the portion of the two counties which is included within the District.

FOUR-COUNTY AREA

Population

Year	1940 ①	1950 ①	1960 ①	1970 ①	1979 ②
Los Angeles County	2,785,643	4,151,687	6,038,771	7,041,980	7,125,700
Orange County	130,760	216,224	703,925	1,421,233	1,851,000
Riverside County	105,524	170,046	306,191	459,074	619,900
San Bernardino County	161,108	281,642	503,591	682,233	787,300
Total	3,183,035	4,819,599	7,552,478	9,604,520	10,383,900
State of California	6,907,387	10,586,223	15,717,204	19,971,333	22,471,000
Percentage of State	46.1%	45.5%	48.1%	48.1%	46.2%

① U. S. Census

② State Department of Finance

As shown by the tabulation, Los Angeles County experienced its greatest period of growth in the 1940's and 1950's. During the earlier parts of the 1970's the County experienced a modest decline in population but this trend has since been reversed. During the 1950's Orange County's population grew by more than 3.25 times from its modest base and then more than doubled in the 1960's. Although residential construction is at an active pace in the 1970's, the population growth has moderated somewhat. Riverside and San Bernardino Counties have experienced relatively steady population growth during the period shown.

Building Activity

Building activity in Los Angeles and Orange Counties showed a downturn in 1974 and 1975. In

Riverside and San Bernardino Counties the downturn was confined to 1974. Building activity recovered in 1976 and has increased substantially since then, as shown in the following summary of building permit valuations.

Details as to the types of permits issued in the four-county area over the past five years are also shown.

The number of single family and multiple dwelling residential units for which building permits were issued in the four-county area over the past five years is summarized on the following page. As shown, single family residences continue to be the most prevalent, except in the Los Angeles area where shortages of land have resulted in the construction of increasing numbers of multiple dwellings during recent years.

FOUR-COUNTY AREA

Building Permit Valuations By County (000s omitted)

Year	1974	1975	1976	1977	1978
Los Angeles County	\$1,751,434	\$1,770,750	\$ 2,351,875	\$ 3,057,253	\$ 3,585,789
Orange County	823,570	887,364	1,671,379	1,808,609	1,736,749
Riverside County	184,968	226,629	402,948	768,907	745,555
San Bernardino County	197,468	311,072	515,552	877,219	997,019
Total	\$2,957,440	\$3,195,815	\$ 4,941,754	\$ 6,511,988	\$ 7,065,112
State of California	\$6,942,359	\$7,631,359	\$11,464,381	\$15,199,255	\$16,549,463
Percentage of State	42.6%	41.9%	43.1%	42.8%	42.7%

Source: *California Construction Trends*, Security Pacific National Bank

FOUR-COUNTY AREA

Building Permit Valuations By Type of Construction (000s omitted)

Year	1974	1975	1976	1977	1978
Single family residential	\$ 725,358	\$1,123,681	\$2,179,501	\$2,947,313	\$2,509,702
Multiple dwellings	503,628	347,667	760,667	1,011,190	1,415,506
Commercial	636,636	614,681	585,977	752,980	1,088,046
Industrial	322,099	238,555	350,485	621,614	852,574
Alterations and additions	371,572	409,883	518,885	639,197	686,582
Other	398,147	461,348	546,239	539,694	512,702
Total	\$2,957,440	\$3,195,815	\$4,941,754	\$6,511,988	\$7,065,112

Source: *California Construction Trends*, Security Pacific National Bank

FOUR-COUNTY AREA**Number of Residential Units Authorized**

Year	1974	1975	1976	1977	1978
Los Angeles County					
Single family homes	5,946	8,822	14,272	17,856	13,556
Multiple dwellings	14,400	8,904	15,012	21,566	26,981
Orange County					
Single family homes	10,288	10,086	17,284	15,612	9,952
Multiple dwellings	7,723	5,352	13,227	11,892	9,679
Riverside County					
Single family homes	3,223	4,195	7,131	13,154	10,351
Multiple dwellings	804	609	2,230	3,330	3,802
San Bernardino County					
Single family homes	3,473	5,192	10,008	15,746	13,786
Multiple dwellings	634	494	472	2,243	5,151
Total	46,491	43,654	79,636	101,399	93,258
State of California	129,234	131,732	221,112	270,458	243,684
Percentage of State	36.0%	33.1%	36.0%	37.5%	38.3%

Source: *California Construction Trends*, Security Pacific National Bank

Employment

People living within the District find employment throughout the four-county area and many commute to work across county lines. Lesser numbers commute to work within the four counties from outside their boundaries or commute from within the four-county area to other counties.

The following tabulation shows the average levels of employment and unemployment in the four-county area during 1977 and 1978.

FOUR-COUNTY AREA**Average Work Force**

Year	1977	1978
Average civilian employment	4,403,700	4,777,500
Average unemployment ...	363,300	328,900
Average civilian work force	4,767,000	5,106,400
Adjusted unemployment rate	7.6%	6.4%

Source: State Department of Employment Development

Following is a summary of average employment by industry in the four-county area during 1977 and 1978. The average employment shown differs from that appearing in the preceding tabulation because

FOUR-COUNTY AREA**Average Civilian Employment by Industry ①**

Industry	1977	1978
Agriculture	37,900	41,700
Mining	15,600	15,900
Construction	160,500	180,900
Manufacturing	1,051,100	1,137,000
Transportation and public utilities	218,300	235,300
Trade	994,800	1,072,800
Finance, insurance and real estate	252,800	274,900
Services	910,700	994,300
Government	677,500	687,600
Total	4,319,200	4,640,400

① Excludes the self-employed and domestic servants.

Source: State Department of Employment Development

the latter includes residents of the four-county area who commute to work outside its boundaries while the data shown in this tabulation reflect jobs which are held by non-residents of the four-county area.

Shown at the bottom of the page is a summary of the total number of manufacturing employers within the four-county area, their employees and their payrolls in 1977, the latest period for which data are available.

Industry

The District contains the headquarters of 66 of the 100 leading California industries as shown in *The Times Roster of California's 100 Top Industries*, published by the *Los Angeles Times* in May 1979. The tabulation on the following page lists these companies, their principal businesses and their annual revenues.

Transportation

Three transcontinental railroads serve the District, the Santa Fe, the Southern Pacific and the Union Pacific. Amtrak service, originating in Los Angeles, is available in three directions: to the north, to the east and to the south.

Five commercial airports serve the District. The largest is Los Angeles International, where world-wide service is available. Others are Hollywood-Burbank, Long Beach, Ontario International and John Wayne (Orange County) Airport.

The Southern California area has long been known for its extensive freeway system. The District contains three major Interstate freeways and four by-pass routes which are part of the Interstate system, plus U. S. 101, constructed to freeway standards, and nine State freeway routes.

Ocean-going commerce is a major contributor to the economy of the District. There are two major adjoining port complexes in the District, the Port of Long Beach and the Port of Los Angeles. Both contain extensive bulk loading and container facilities.

Per Capita Income

The following tabulation compares per capita personal income in each of the four counties with State-wide data.

FOUR-COUNTY AREA

Per Capita Personal Income

Year	1970	1975	1977
Los Angeles County . . .	\$4,684	\$6,884	\$8,411
Orange County	4,513	6,634	8,139
Riverside County	3,748	5,528	6,464
San Bernardino County	3,532	5,343	6,391
State of California	4,422	6,578	7,911

Source: U.S. Department of Commerce

FOUR-COUNTY AREA

Manufacturing Employers, Employees and Payroll — 1977

Area	Number of Employers	Number of Employees	Annual Wages (000's Omitted)	Per Capita Wages
Los Angeles	17,739	821,760	\$11,255,058	\$13,696
Orange	3,772	174,016	2,394,338	13,759
Riverside	527	22,561	266,725	11,822
San Bernardino	755	36,023	516,797	14,346
Total	22,793	1,054,360	\$14,432,918	\$13,689
State of California	37,204	1,732,601	\$24,467,756	\$14,122
Percentage of State	61.3%	60.9%	59.0%	

Source: State Department of Employment Development

Leading Industrial Firms Headquartered in South Coast Air Quality Management District

Company	Principal business	Sales (1)
Atlantic Richfield Co.	Petroleum	\$12.74 billion
Union Oil Co. of California	Petroleum	6.35 billion
Occidental Petroleum Corp.	Petroleum	6.25 billion
Getty Oil Co.	Petroleum	3.76 billion
Litton Industries, Inc.	Electronics	3.65 billion
The Signal Cos., Inc.	Petroleum and manufacturing	3.57 billion
Lockheed Corp.	Aerospace	3.49 billion
Fluor Corp.	Engineering and construction	2.87 billion
Carnation Co.	Dairy and food products	2.58 billion
Teledyne, Inc.	Metal products	2.44 billion
Northrop Corp.	Electronics	1.83 billion
Dart Industries, Inc.	Consumer products	1.82 billion
The Times Mirror Co.	Publishing	1.43 billion
Tosco Corp.	Petroleum	1.17 billion
Lear Siegler, Inc.	Manufacturing	1.16 billion
MCA, Inc.	Entertainment	1.12 billion
Petrolane, Inc.	Petroleum	940.8 million
Baker International Corp.	Tools	919.0 million
Whittaker Corp.	Manufacturing	883.8 million
The Parsons Corp.	Engineering and construction	833.9 million
Walt Disney Productions	Entertainment	741.1 million
Fleetwood Enterprises, Inc.	Housing and recreational vehicles	682.1 million
AM International, Inc.	Business machines	666.6 million
Norris Industries, Inc.	Manufacturing	628.3 million
Twentieth Century-Fox Film Corp.	Entertainment	625.9 million
Purex Industries, Inc.	Cleaning products	549.4 million
Santa Fe International Corp.	Drilling, oil and gas	547.6 million
Denny's, Inc.	Restaurants	545.6 million
Mattel, Inc.	Toys	493.6 million
Brown Co.	Forest products	491.9 million
Kaufman and Broad, Inc.	Housing	484.6 million
Avery International, Inc.	Labels	484.4 million
Bergen Brunswig Corp.	Health products	452.6 million
Smith International, Inc.	Oil and gas drilling equipment	451.7 million
Hilton Hotels Corp.	Hotels	451.1 million
American Medical International, Inc.	Health care services	419.2 million
Metro-Goldwyn-Mayer, Inc.	Entertainment	401.4 million
C. F. Braun & Co.	Engineering and construction	368.3 million
Computer Sciences Corp.	Computer services	343.2 million
Beckman Instruments, Inc.	Analytical instruments	338.5 million
Knudsen Corp.	Dairy and food products	328.8 million
Host International, Inc.	Food services	316.6 million
Earle M. Jorgensen Co.	Metal products	303.8 million
Kerr Glass Manufacturing Corp.	Containers	303.1 million
Amcord, Inc.	Manufacturing	289.9 million
National Medical Enterprises, Inc.	Health care services	273.3 million
Golden State Foods Corp.	Food products	272.4 million
Ameron, Inc.	Pipe products	260.0 million
Shapell Industries, Inc.	Housing	246.2 million
Ducommun, Inc.	Manufacturing and distributing	245.4 million
S. E. Rykoff & Co.	Food services	241.7 million
Republic Corp.	Manufacturing	239.0 million
International Foodservice	Food services	229.8 million
Monogram Industries, Inc.	Manufacturing	222.9 million
Jacobs Engineering Group, Inc.	Engineering and construction	215.5 million
VSI Corp.	Precision metal products	211.2 million
Wyle Laboratories	Electronics and energy systems	205.3 million
Superscope, Inc.	Stereo components	205.1 million
Western Gear Corp.	Metal products	197.2 million
Cyprus Mines Corp.	Mineral extraction	193.9 million
Caesars World, Inc.	Resorts	182.6 million
TFI Cos., Inc.	Food and building materials	181.2 million
C.H.B. Foods, Inc.	Food products	175.6 million
Elixir Industries	Automotive and housing products	174.0 million
Collins Foods International, Inc.	Restaurants	168.4 million
Standard Brands Paint Co., Inc.	Home improvement products	164.8 million

(1) Sales or revenues for fiscal period ended prior to April 1, 1979.

Source: *Los Angeles Times*

Commerce

The accompanying tabulation summarizes taxable sales transactions in the four-county area over the past five years.

Not reflected in the tabulation are the scores of millions of dollars in wholesale transactions which take place in the area. Also excluded are sales of food for off-premise consumption and prescription medicine.

Visitor and Convention Business

Southern California's natural and commercial attractions bring millions of visitors to the area each year.

The District's natural attractions include its moderate weather, the Pacific Coast with its many beaches and small craft marinas, the desert and mountains.

Among the major commercial attractions are Disneyland, Knotts Berry Farm, Magic Mountain,

Marineland, motion picture and television studios, the Los Angeles Music Center and the Rose Bowl. Teams representing every major league sport are based in the District, together with nationally prominent collegiate basketball and football teams.

Education

The four-county area contains 74 elementary school districts, 14 high school districts, 81 unified (elementary and high school) school districts and 25 community college districts which operate 38 campuses.

Opportunities for higher learning are widespread. Among the major colleges and universities in the four-county area (all of which are within the District boundaries) are the University of California at Los Angeles; the University of Southern California; Occidental College; the six Claremont Colleges; the California Institute of Technology at Pasadena; the University of California, Irvine; The University of California at Riverside; the University

FOUR-COUNTY AREA

Taxable Retail Sales ^① (000s omitted)

Year	1974	1975	1976	1977	1978
Los Angeles County					
Retail sales.....	\$15,315,141	\$16,148,861	\$18,257,856	\$21,397,052	\$ 23,869,070
Business and personal service	816,522	982,500	982,500	1,129,530	1,282,782
All other outlets	7,154,263	7,651,618	8,174,805	9,323,107	10,633,681
Orange County					
Retail sales.....	3,707,217	4,126,491	4,900,707	5,951,109	6,825,109
Business and personal service	181,958	203,115	263,498	330,883	369,010
All other outlets	1,321,344	1,421,827	1,801,689	2,376,136	2,770,310
Riverside County					
Retail sales.....	1,050,831	1,168,007	1,380,941	1,732,996	2,014,524
Business and personal service	56,789	64,963	74,687	88,741	103,115
All other outlets	261,409	269,143	320,088	420,337	511,713
San Bernardino County					
Retail sales.....	1,354,669	1,471,122	1,726,263	2,101,148	2,453,437
Business and personal service	60,928	66,400	75,388	89,329	106,395
All other outlets	408,244	439,651	541,685	703,820	793,889
Totals	\$31,689,315	\$33,892,817	\$38,500,107	\$45,646,188	\$ 51,733,035
State of California	\$67,787,943	\$83,185,397	\$98,880,234	\$98,880,234	\$113,428,757
Percentage of State	46.7%	46.4%	46.3%	46.2%	45.6%

^① Excludes sales of food for consumption off premises and drugs

Source: State Board of Equalization

of Redlands; Loma Linda University and seven California State University campuses.

Agriculture

Urbanization of Los Angeles and Orange Counties has reduced the land available for agriculture. Nevertheless, the two counties were first and second

in the State in production of nursery products during 1978. As noted previously, many of the agricultural producers from those two counties have moved into western Riverside and San Bernardino Counties.

The accompanying tabulation shows the value of agricultural production in the four-county area during 1978.

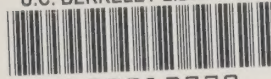
FOUR-COUNTY AREA

Value of 1978 Agricultural Production

Crop	Los Angeles County	Orange County	Riverside County	San Bernardino County	Total
Fruits and nuts	\$ 12,036,100	\$ 49,919,600	\$166,404,100	\$ 23,737,900	\$ 252,097,700
Vegetables	33,656,700	29,963,900	80,826,500	3,763,000	148,210,100
Field and seed crops	17,475,500	1,151,100	48,637,300	14,055,500	81,319,400
Nursery products	97,331,000	89,895,500	7,517,200	10,709,600	205,453,300
Apiary products	1,319,000	602,900	3,416,300	1,226,000	6,564,200
Livestock and poultry	42,401,000	12,280,100	235,705,100	332,747,400	623,133,600
Total	\$204,219,300	\$183,813,100	\$542,506,500	\$386,239,400	\$1,316,778,300

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